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Your Score.



CHAPTER 1

Economic Decisions

STUDY GUIDE

PART I

Directions: Place a check mark in Column 2 or Column 3 to indicate whether the item in Column 1 is basically a need or a want. The first item is given as a sample.

COLUMN 1	COLUMN 2 Need	COLUMN 3 Want	Per- sonal
0. Sample: a Frisbee	_____	✓	_____
1. a jogging suit	_____	_____	1. _____
2. a personal-use computer	_____	_____	2. _____
3. a videocassette recorder	_____	_____	3. _____
4. a telephone in a personal car	_____	_____	4. _____
5. a loaf of bread	_____	_____	5. _____
6. a pair of shoes	_____	_____	6. _____
7. a second home	_____	_____	7. _____
8. a stationary exercise bicycle	_____	_____	8. _____
9. breakfast	_____	_____	9. _____
10. racketball club membership	_____	_____	10. _____

PART II

Directions: An important term has been omitted from each sentence in Column 1. In Column 2 write the word or words needed to complete each sentence in Column 1. The first item is given as a sample.

COLUMN 1	COLUMN 2	Per- sonal
0. Sample: Economic resources are often called (?)	<i>factors of production</i>	_____
1. The means through which we produce the things we need and want are called (?) resources.	_____	1. _____
2. Materials that come from the earth, the water, or the air are (?) resources.	_____	2. _____
3. Another name for the labor force, the people who work to produce goods and services, is (?)	_____	3. _____
4. Capital resources are the tools, equipment, and machinery used to produce (?)	_____	4. _____
5. Using our (?) economic resources wisely will help us to satisfy our unlimited wants as fully as possible.	_____	5. _____

PART III

Directions: Indicate your answer to each of the following questions by placing a check mark on the line under *yes* or *no* at the right. The first item is given as a sample.

	YES	NO	For Scoring
0. Sample: Is scarcity a problem for people all over the world?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1. Are tangible things we use in our everyday lives called services?	<input type="checkbox"/>	<input type="checkbox"/>	1.
2. Is it sometimes difficult to tell the difference between wants and needs?	<input type="checkbox"/>	<input type="checkbox"/>	2.
3. Do businesses face the basic economic problem just as individuals and governments do?	<input type="checkbox"/>	<input type="checkbox"/>	3.
4. Are city governments dealing with scarcity when deciding whether to build a school or establish a city zoo?	<input type="checkbox"/>	<input type="checkbox"/>	4.
5. Are most of the goods and services we use supplied by the government? ...	<input type="checkbox"/>	<input type="checkbox"/>	5.
6. Are items like groceries, clothes, and books called services?	<input type="checkbox"/>	<input type="checkbox"/>	6.
7. Do some countries have unlimited resources?	<input type="checkbox"/>	<input type="checkbox"/>	7.
8. Are food, clothing, and housing usually thought of as our three basic needs?	<input type="checkbox"/>	<input type="checkbox"/>	8.
9. Are wants those things we must have to stay alive?	<input type="checkbox"/>	<input type="checkbox"/>	9.
10. Does the basic economic problem force us to make choices?	<input type="checkbox"/>	<input type="checkbox"/>	10.

PART IV

Directions: Indicate whether each statement below is correct or incorrect by placing a check mark on the line under *true* or *false* at the right. The first item is given as a sample.

	TRUE	FALSE	For Scoring
0. Sample: There is a correct way to go about making decisions.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1. All decisions are economic decisions.	<input type="checkbox"/>	<input type="checkbox"/>	1.
2. The first step in making a decision is making a choice among the available alternatives.	<input type="checkbox"/>	<input type="checkbox"/>	2.
3. The "take-action" step in decision making is doing what you have chosen to do.	<input type="checkbox"/>	<input type="checkbox"/>	3.
4. The process of choosing which want, among several wants being considered at a certain time, will be satisfied is called economic decision making.	<input type="checkbox"/>	<input type="checkbox"/>	4.
5. Reviewing a decision gives an opportunity to profit by mistakes when future decisions are made.	<input type="checkbox"/>	<input type="checkbox"/>	5.
6. A frequent problem in making a decision is failure to identify all of the available choices.	<input type="checkbox"/>	<input type="checkbox"/>	6.
7. All steps in the decision-making process must be followed even when an emergency decision must be made.	<input type="checkbox"/>	<input type="checkbox"/>	7.
8. Choosing among alternatives is never a difficult step in decision making when you have identified all the alternatives.	<input type="checkbox"/>	<input type="checkbox"/>	8.
9. The decision-making process is appropriate for individuals but not for business and government.	<input type="checkbox"/>	<input type="checkbox"/>	9.
10. Learning to make effective decisions will help people better use limited resources to satisfy more wants and needs.	<input type="checkbox"/>	<input type="checkbox"/>	10.

ACTIVITIES

Applying Resources

There are many ways in which we use our time, a valuable but limited, resource. Listening to music is one of the ways that many people spend part of their time. The U.S. recording industry has provided consumers with choices not only in the variety of music but in the media used to play their music: single records, albums, cassette tapes, and—since 1983—compact discs.

The growth in the production of single records and albums began to decline as wants changed and consumer demand for cassette tapes increased. Then the compact disc was introduced and cassette tape production began to decrease as consumers began to prefer compact discs. The production of compact discs today is greater than the production of any of the other music media.

The chart below shows the sales of recordings in the U.S. from 1988 through 1997—a 10-year period. Study the chart and then answer the questions that follow.

RECORDING INDUSTRY—U.S. SALES OF SINGLES, ALBUMS, COMPACT DISCS, AND CASSETTES 1988 to 1997 (in thousands of units)				
Year	Singles	Albums	Compact Discs	Cassettes
1988	65,600	72,400	149,700	450,100
1989	36,600	34,600	207,200	446,200
1990	27,600	11,700	286,500	442,200
1991	22,000	4,800	323,300	360,100
1992	19,800	2,300	407,500	336,400
1993	15,100	1,200	495,400	339,500
1994	11,700	1,900	662,100	345,400
1995	10,200	2,200	722,900	272,600
1996	10,100	2,900	778,900	223,300
1997	7,500	2,700	753,100	172,600

Source: Statistical Abstract of the United States, 1998.

- What were the actual number of singles and albums sold in 1988? singles: _____
albums: _____ in 1997? singles: _____ albums: _____
What was the decrease in number sold in each over the 10-year period? singles: _____
albums: _____
- In what year did the number of compact discs sold first exceed the number of singles sold? _____
of albums? _____ of the combined number of singles and albums sold? _____
of the number of cassettes sold? _____
- What were the actual number of compact discs and cassettes sold in 1988? CDs _____
cassettes _____ in 1997? CDs _____ cassettes _____
What was the increase in number of compact discs sold in that 10-year period? _____
What was the decrease in the number of cassettes sold in that 10-year period? _____
- In what year did the U.S. recording industry have the greatest number of all media sold? _____
What was the total number sold? _____

Applying Business Knowledge

As you learned in this chapter, it is impossible to satisfy all of our wants and needs. There are many reasons for this. One reason is that satisfying one want usually causes you to want something else. For example, when you order buffalo wings at a restaurant, you will probably want a soft drink to go with it. These "go-togethers" are called complementary goods. Below is a list of items that usually call for complementary goods. In Column 2, list the item or items that you think would probably be wanted by a person who buys the product listed in Column 1.

COLUMN 1	COLUMN 2
<i>If you buy:</i>	<i>You will probably also want or need:</i>
1. a set of golf clubs	1. _____
2. a swimsuit	2. _____
3. a hamburger	3. _____
4. a videocassette recorder	4. _____
5. a Jet Ski	5. _____
6. a motor scooter	6. _____
7. a camera	7. _____
8. a power lawn mower	8. _____
9. an ice-cream maker	9. _____
10. a pair of roller blades	10. _____

Applying Interpersonal Skills

You learned that decisions should be made through a logical six-step process. For most situations, using this process will result in more effective decisions. But what about people who say that they make decisions through intuition—that is, they "play their hunches." Intuition means having insight into a solution to a problem without any conscious effort or control. Some people are more intuitive than others. Authorities tell us that people who use intuition well are really very analytical. So regularly do they tackle a problem consciously and go through the logical decision-making process that it becomes a habit. The "flash" or intuitive solution often comes to them during the process. Also, the researching and analyzing they do stimulate their thinking; it puts them in a receptive mental state, which makes it easy to generate solutions. They may experience these solutions as flashes of insight or hunches. Sometimes, after much effort in identifying alternatives (Step 2), they put the problem aside for a while. They "sleep on it" to let the intuitive processes work on the problem. Dr. Jonas Salk, discoverer of the polio vaccine, once stated, "It is always with excitement that I wake up in the morning wondering what my intuition will toss up to me, like gifts from the sea. I work with it and rely upon it." After tedious, drawn-out experiments seeking ways to immunize against polio, Salk made an intuitive leap one morning upon awakening. He knew the correct vaccine.

Even though you are in the early stages of learning how to make decisions through a logical process, you might begin to note your own use of intuition in problem solving. Read the following questions and place a check mark in the column headed "Yes" or "No." After you have completed these ten items, your teacher will help you determine the extent to which you have a tendency to be an intuitive decision maker.

	YES	NO
WHEN MAKING DECISIONS DO YOU:		
1. Sometimes make a decision without following a logical, step-by-step method? ..	_____	_____
2. Believe that good hunches can lead to success?	_____	_____
3. Sometimes act on a hunch just to see what will happen?	_____	_____
4. Act upon a decision because it "feels right?"	_____	_____
5. Accept hunches as reliable guides for action?	_____	_____
6. Believe that your ideas can come to mind without your having control over them?	_____	_____
7. Pursue problems that have no clear-cut answers?	_____	_____
8. Have the ability to get right to the problem's heart?	_____	_____
9. Tend to count on hunches and whether they "feel right" or "feel wrong" when trying to solve a problem?	_____	_____
10. Find that some of your hunches seem to come from little things or coincidences in your life?	_____	_____

For scoring: count the number of "Yes" answers. Then use this scale to determine the extent to which you have a tendency to be an intuitive decision maker.

8-10 "Yes" answers: High tendency toward intuitive decision making.

4-7 "Yes" answers: Tend to be flexible and effective in both intuitive and logical decision making.

0-3 "Yes" answers: Tend to be strongly analytical and objective in decision making; tend to be suspicious of intuitive decisions.

Applying Critical Thinking Skills

Brenda and Bennie operate an arts and crafts boutique. Over the past five years, they have worked hard to develop their business into a successful venture. They both feel that the time is right to enlarge their business, but the shop they own is too small. However, they like the area in which they are located; and their customers have said that they like their little shop. Nevertheless, they need more display and storage space. They also would like to be in a location where there are other stores and there is more parking.

Their least expensive solution is to remodel their present store, put in more display cases, and try to add a storage shed in the back. They also have considered leasing space in a new strip mall that is being built near a new housing development just outside of the city in a rapidly growing area. They also have considered leasing space in an established, large shopping mall—the amount of space they want has just become available there, but the rent is quite high. The strip mall space and the shopping mall space must be acted upon soon if they are to relocate in either one.

1. What is the problem facing Brenda and Bennie?

2. What are the three choices that Brenda and Bennie need to consider?

3. What are some advantages and disadvantages of each choice?

3. Which choice would you have them select?

Explain why you feel that this is the best alternative.

4. What should Brenda and Bennie do to act on their choice?

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CHAPTER 2

Economic Systems

STUDY GUIDE

PART I

Directions: Indicate whether each statement below is correct or incorrect by placing a check mark on the line under *true* or *false* at the right.

	TRUE	FALSE	For Scoring
IN THE PRIVATE ENTERPRISE SYSTEM:			
1. The government decides what to produce and how it will be produced.	_____	_____	1. _____
2. The government decides when to raise or lower prices on all consumer goods.	_____	_____	2. _____
3. The government owns all means of transportation.	_____	_____	3. _____
4. The system is classified as a market economy.	_____	_____	4. _____
5. An individual has the right to own, use, or dispose of property.	_____	_____	5. _____
6. Businesses compete with each other for sales to consumers.	_____	_____	6. _____
7. Workers have the right to organize in order to improve working conditions.	_____	_____	7. _____
8. Individuals may prepare for and enter any occupation of their choice.	_____	_____	8. _____
9. Goods and services are equally shared among all the citizens.	_____	_____	9. _____
10. People are entitled to make a profit from their businesses.	_____	_____	10. _____

PART II

Directions: In Column 2 write the name of the economic system—market, directed, or custom-based—that is best identified by the statement in Column 1.

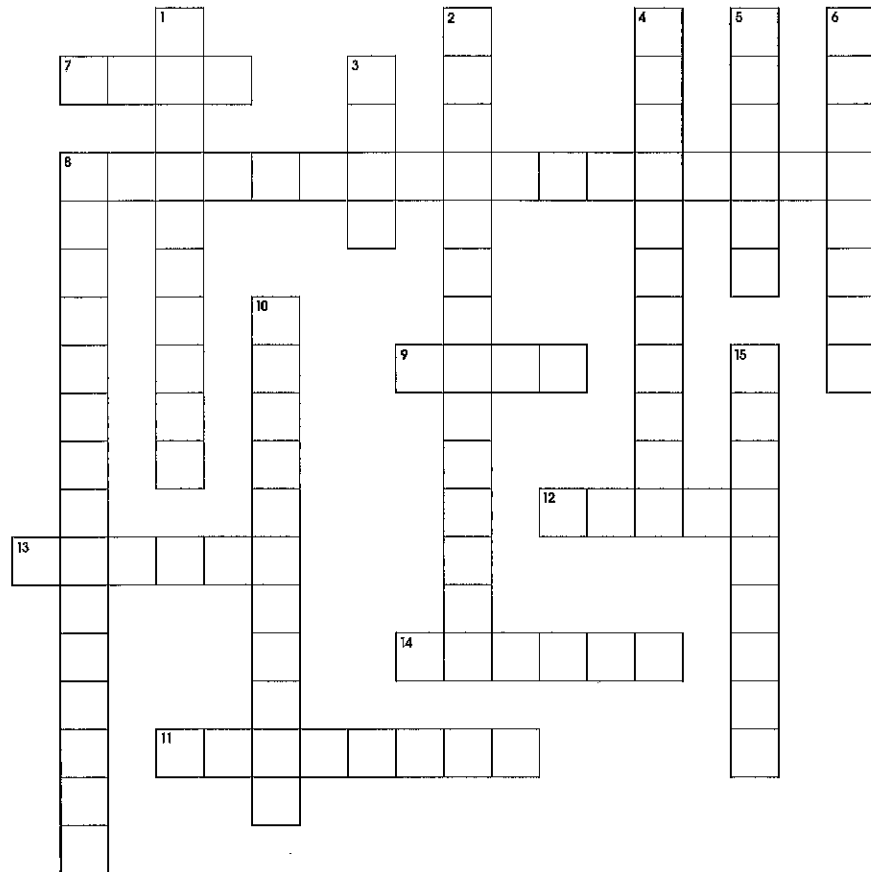
COLUMN 1	COLUMN 2	For Scoring
1. The profit motive and competition are emphasized.	_____	1. _____
2. Government officials decide what goods and services are to be produced and how they will be produced.	_____	2. _____
3. Government decides how much of the country's resources will be used for military or consumer goods.	_____	3. _____
4. Change and growth occur slowly and people are poor in material goods.	_____	4. _____
5. The system is based on free exchange by buyers and sellers in the marketplace.	_____	5. _____

PART III

Directions: This crossword puzzle uses terms discussed in Chapter 2. Terms having two words do not have spaces between the words. Study the definitions and write the terms in the appropriate spaces in the puzzle.

Across

7. Every society must answer the question of _____ goods and services will be produced.
8. One of the names for the American economic system.
9. Food is classified as a basic _____.
11. Allowing buyers and sellers to come together in a market to exchange goods and services is voluntary _____.
12. Things which we can live without, but which make life nicer.
13. Money left after subtracting the cost of operating the business.
14. A nation's plan for answering the key economic problem is called its economic _____.



Down

1. An economic system in which most economic resources are privately owned and decisions about production are largely made by free exchange in the marketplace.
2. An economic system in which the government owns and controls the economic resources and makes all of the decisions regarding the production of goods and services.
3. Another name for capitalistic, private enterprise system is the _____ enterprise system.
4. Rivalry among businesses to sell their goods and services.
5. The encouragement to work for profit is called the profit _____.
6. An economic system in which the government owns and controls the economic resources and makes all of the decisions regarding goods and services is a _____ economy.
8. The right to own, use, or dispose of things of value is the right of _____.
10. Any place where buyers and sellers exchange goods and services for some form of money.
15. Basic economic _____ face every society.

ACTIVITIES

Applying Information

You have learned that nations differ in the way in which they decide what to produce, how to produce, and how to distribute what is produced. To a large extent, these decisions determine the nation's standard of living. One way we measure the standard of living is by the ownership of such consumer goods as cars and television sets. The following is a table showing the number of several consumer products owned in relation to populations of different countries. Study the chart and answer the questions that follow.

<i>Country</i>	<i>Car Registrations (persons per car)</i>	<i>Telephones (per 100 population)</i>	<i>Television Sets (per 1,000 population)</i>	<i>Radios (per 1,000 population)</i>
United States	1.8	76.0	798	2,101
China (Mainland)	2,022.0	0.6	9	113
Nigeria	168.0	0.3	5	85
Russia	24.0	11.3	296	656
United Kingdom	3.0	52.4	437	1,016

- What country has the highest rate of ownership for all of the consumer products listed?

- As a U.S. citizen, approximately how many radios would you own, based on the average? _____
- Where would you have the most difficulty, based on the average, in listening to your favorite rock station? Explain.

- In which country would you be most likely to not own a car? _____
- Do the car registrations for China and Nigeria mean that Nigeria has more cars than China? Explain.

- After the United States and the United Kingdom, which nation consumes the most television sets?

- Can you identify which country operates as a directed economy, based on your study of Chapter 2?

- Which country would most likely operate as a custom-based economy?

Applying Critical Thinking Skills

Nations of the world can be grouped according to the type of economic system under which they operate: market, controlled, or traditional (custom based). Traditional or custom-based economies often are found among nations considered to be underdeveloped.

As you have learned, more and more nations are moving their economies toward the market-based system largely because of the relative success of those economies. The chart below shows production figures for three groups of nations that historically have had the three types of economies: Western Nations, market economy; Developing Nations, directed economy; Third World Nations, custom-based economy. Included in the Western Nations' data are the United States, Germany, and the United Kingdom; in the Developing Nations, Czech Republic, Poland, and Russia; in the Third World Nations, Afghanistan, Bangladesh, India, and Yemen Arab Republic.

Study the table below which contains representative data relating to economic activity as a *percentage* of total output in a recent year for each of these nation groups; note the contrasts. For example, Western Nations had only 2 percent of their total output from agriculture while Third World Nations had 47 percent of their output from agriculture. After studying the table, answer the questions that follow.

ECONOMIC ACTIVITY OF SELECTED NATION GROUPS						
Nation Group	Kind of Economic Activity by Percentage of Total Output					
	Agriculture	Industrial	Construction	Wholesale/Retail Trade	Transportation & Communication	Other
Western Nations	2	33	6	12	6	41
Developing Nations	13	57	10	13	6	1
Third World Nations	47	14	8	13	4	17

1. What is the main economic activity of the Third World Nations? _____
2. The economies of some nation groups show great diversity. Their citizens engage in a wide variety of economic activities in addition to the five categories identified in the table.
 - (a) Based on the information in the table, which nation group has the most diverse economies?

 - (b) What kind of economic systems do they have? _____
3. (a) Name the nation group which has the highest percentage of industrial activity:

 - (b) What kind of economic systems have they had? _____
 - (c) Why do you think this group leads the others in percent of economic activity devoted to industrial production?

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CHAPTER 3

Economic Roles

STUDY GUIDE

PART I

Directions: Indicate whether each statement below is correct or incorrect by placing a check mark on the line under *true* or *false* at the right.

	TRUE	FALSE	For Scoring
1. Taking karate lessons is a consumer-role activity.	_____	_____	1. _____
2. Your role as a consumer does not affect our economy.	_____	_____	2. _____
3. In the private enterprise system, profits encourage hard work.	_____	_____	3. _____
4. Your citizenship role enables you to earn money to support your consumer role.	_____	_____	4. _____
5. Paying taxes to build roads and schools is not a part of economic citizenship.	_____	_____	5. _____
6. In your citizen role, your vote helps the government to decide what goods and services to provide.	_____	_____	6. _____
7. Voting for a school bond issue is an act of good economic citizenship.	_____	_____	7. _____
8. Your decisions in your three economic roles have no effect on your standard of living.	_____	_____	8. _____
9. As a productive worker, you benefit both yourself and the economy.	_____	_____	9. _____
10. Public goods are provided by businesses.	_____	_____	10. _____

PART II

Directions: Indicate your answer to each question below by placing a check mark on the line under *yes* or *no* at the right.

	YES	NO	For Scoring
1. Is demand defined as the amount of a good or service that consumers are willing and able to buy at a price?	_____	_____	1. _____
2. If demand is high, will prices usually come down?	_____	_____	2. _____
3. Does the economic term "supply" mean the number of items on the shelves of businesses?	_____	_____	3. _____
4. Does knowing demand for a product tell a business what product or service to supply and how much?	_____	_____	4. _____
5. Do both demand for and supply of a product affect price?	_____	_____	5. _____
6. Does competition tend to keep prices high?	_____	_____	6. _____
7. Must a supplier produce goods in an efficient way to sell them at prices consumers are willing to pay?	_____	_____	7. _____

8. Do things other than supply and demand affect prices? _____
9. Is a highway an example of a public good? _____
10. Is productivity the amount a worker turns out? _____

Per Scoring	
8.	_____
9.	_____
10.	_____

PART III

Directions: The following puzzle contains twelve terms from Chapter 3. The terms can be read forward, backward, up, down, or diagonally. Find each term and circle it in the diagram.



Word List

citizen	dollar vote	roles
consumer	labor	standard of living
decisions	productivity	supply
demand	public goods	worker

ACTIVITIES

Applying Math Skills

In Chapter 3 you learned that your earnings set a standard of living. Most of us work to buy goods and services that satisfy our needs and wants. While your standard of living also involves your values and the choices you make, the goods and services you are able to buy are usually considered to be the measure of your standard of living.

Following is a list of some typical consumer purchases and the length of time that an average U.S. manufacturing worker had to work in a recent year to buy them. After studying the data, answer the questions that follow.

SELECTED CONSUMER PURCHASES	WORK TIME REQUIRED	COST
Orange juice, 1 qt.	7 minutes	_____
Toothpaste, small tube	6 minutes	_____
Deodorant, spray can	18 minutes	_____
T-shirt, white cotton	28 minutes	_____
Jeans, 1 pair	4 hours	_____
Telephone call	20 minutes	_____
Bus fare	7 minutes	_____
Movie	40 minutes	_____
Refrigerator, small	44 hours*	_____

(*does not include overtime)

- What purchase required the longest work time: _____
Can you purchase the item with wages from a typical work week?

- If the small tube of toothpaste contains 75 grams, how many ounces does it contain? (See Appendix D in textbook.)

- Based on an average take-home pay of \$7.45 per hour (that is the amount *after taxes and other deductions* are subtracted), figure the cost of each purchase and record your answer in the Cost column. To answer this question, you must determine the average take-home pay per minute for some computations. Round your answers to the nearest cent.

Applying Critical Thinking Skills

What experiences have you had recently with changing prices? What was the reason for the increase or decrease in price? Did the price change involve supply, demand, or competition?

For this activity, review your own purchasing experiences and observe newspaper ads or store signs that feature price changes. The following table provides a place for you to list five examples of goods or services for which you have noticed price changes. Identify the product or service in Column 1, show whether the price change was an increase or decrease in Column 2, and then identify in Columns 3, 4, and 5 the reason for the price change. Items are given as examples only.

COLUMN 1 Product or Service	COLUMN 2 Increase Decrease		COLUMN 3 Supply	COLUMN 4 Demand	COLUMN 5 Competition
0. Sample: <i>corn</i>	✓		<i>Midwest drought</i>		
1. _____	_____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____	_____

Applying Systems Skills

Public goods, as you have learned, are provided by a community for use by citizens with no charge or a nominal charge. Most communities have a variety of public goods that serve their citizens, young and old, singles and families. For instance, parks are a public good that are enjoyed by almost everyone. If parks were only available from private enterprises that charged an admission fee, many people would have to get along without ever using a park. Make a list in Column 1 of five public goods in your community. Then in Column 2 make a brief statement about its value to your community. Examples are provided in the columns.

COLUMN 1 Public Good	COLUMN 2 Value to the Community
0. Example: <i>senior citizen center</i>	<i>Many seniors need a place where they can come for recreation, classes, and meals.</i>
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

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CHAPTER 4

Economic Measurements

STUDY GUIDE

PART I

Directions: Indicate whether each statement below is correct or incorrect by placing a check mark on the line under *true* or *false* at the right.

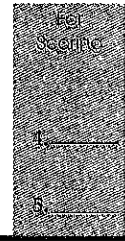
	TRUE	FALSE	For Scoring
1. A low rate of employment and a high rate of business failures indicate that our economy is doing well.	_____	_____	1. _____
2. There are more than 120 million Americans working on thousands of jobs.	_____	_____	2. _____
3. A country's GDP is the total value of goods and services it produces in a year.	_____	_____	3. _____
4. The U. S. GDP decreases almost every year.	_____	_____	4. _____
5. It is a sign that our economy is growing whenever GDP increases from year to year.	_____	_____	5. _____
6. To make GDP comparisons from year to year that are as fair and accurate as possible, we should use current prices instead of "constant" prices.	_____	_____	6. _____
7. If GDP remained the same as last year but the population increased, an increase in our per capita output would result.	_____	_____	7. _____
8. Workers' productivity and earnings are related.	_____	_____	8. _____
9. Output per person and per capita output are essentially the same thing.	_____	_____	9. _____
10. A country's per capita output is determined by dividing its GDP by its total population.	_____	_____	10. _____

PART II

Directions: In Column 2 write the phase of the business cycle that is described by the statement in Column 1.

COLUMN 1	COLUMN 2	For Scoring
1. Most people who want to work are working; consumers are buying; the economy is booming.	_____	1. _____
2. Unemployment begins to decrease; consumers regain confidence and start buying again; production begins to increase.	_____	2. _____
3. Unemployment is high throughout the country; many businesses fail; and GDP is at its lowest point.	_____	3. _____

4. Demand begins to fall; businesses lower production; unemployment begins to rise; and consumers begin to lose confidence and reduce spending.
5. Employment rises; consumers begin to increase their buying.



PART III

Directions: This scramblegram contains words from the vocabulary list or the discussion in Chapter 4. Unscramble the words. Then complete each sentence by filling in the appropriate word or term. Blank lines indicate the number of words needed to complete the sentence. Six scrambled terms are multiple words.

- A. r t n u c r e
- B. e l i t d f a n o
- C. s o t d m p d c o g s e r i r c t o u s
- D. a l i f i n n t o
- E. u n b s i s c l s e e y c
- F. o u c i v p i y t d r t
- G. t n a s t c o n
- H. s r e m u a e
- I. u r k o e h r r w o
- J. e a r p p i c a t
- K. o e t p s r y r p i
- L. e i n e s o d r p s
- M. e a t u p u a p i t o c r p t
- N. y v r e e c r o
- O. y b s e r a a e

1. The movement of our economy from one condition to another and back again is called the _____.
2. In comparing GDP, current prices are adjusted to find the GDP at _____ prices.
3. Another term for productivity is output per _____.
4. The low point in the business cycle is called _____.
5. One way to measure economic growth is to find out what the _____ is.
6. Because prices change from year to year, GDP at _____ prices may not give an accurate picture of economic growth.
7. The number of goods one worker on the average can produce in an hour is called _____.
8. GDP and productivity are two ways we can _____ economic growth.
9. The year chosen to compare an item, such as price, to the same item in another year is called the _____.
10. A phase of the business cycle when employment is rising and consumers start buying again is called _____.
11. _____ is a decrease in the general price level.
12. The high point of the business cycle is called _____.
13. The term _____ means "per person."
14. _____ is an increase in the general price level.
15. _____ is the total value of all final goods and services produced in a country in one year.

ACTIVITIES**Applying Information**

In times of prosperity, the level of employment rises. However, jobs increase more in some industries than in others. In some industries, jobs decrease even in times of prosperity if the production of goods to satisfy needs and wants is changing. The 1998 *Statistical Abstract of the United States* contains the following employment data for sectors of our economy.

INDUSTRY	EMPLOYMENT (in millions)		PERCENTAGE OF CHANGE	RANK IN NO. OF JOBS
	1990	1997		
Services	39.3	46.4	_____	_____
Finance, Real Estate	8.1	8.2	_____	_____
Wholesale/Retail	24.6	26.8	_____	_____
Construction	7.8	8.3	_____	_____
Transportation, Communication, and Public Utilities	8.2	9.2	_____	_____
Manufacturing	21.3	20.8	_____	_____

1. Determine the percentage of change in each of the categories and record it in the table. Round off your answers to the nearest percent.
2. Was there a decrease in employment in any category? _____ If so, which one(s)? _____
3. Rank the categories based on the total number of people employed in each in 1997. In which category were most people employed? _____
4. What category experienced the greatest percentage of increase? _____. What was the increase expressed as the number of people employed in the category? _____
5. It is said that our society is changing from a "smokestack" economy to a services and communications economy. What evidence do you find in this table to substantiate that statement?

Applying Math Skills

You learned in Chapters 3 and 4 that productivity is the quantity of output produced by the average worker in one hour. You also learned that high productivity has enabled the United States to achieve a standard of living that is among the highest in the world. In Chapter 4, you learned that productivity is one way to measure the growth of the economy.

The table below shows the index of productivity for a recent three-year period for the United States and six other nations. The 1998 *Statistical Abstract of the United States* used 1990 as the base year with which to compare the data.

Study the table and answer the questions that follow it.

INDEX FOR INDUSTRIAL PRODUCTION FOR SELECTED COUNTRIES

1990 = 100

COUNTRY	1995	1996	1997	AMOUNT OF INCREASE OR DECREASE 1995-1997
Canada	112.7	114.4	120.1	_____
Germany	98.9	99.3	103.3	_____
Greece	98.2	99.3	100.6	_____
Japan	96.2	98.5	101.9	_____
Norway	127.2	134.1	138.6	_____
Sweden	117.8	120.5	129.4	_____
Switzerland	104.0	103.0	109.0	_____
United States	115.8	119.8	125.8	_____

1. Compared to the base year 1990, has any nation shown a decrease in productivity in any of these three years? If so, which nation(s)? To show a decrease, the index would be below what number?

2. Have any nations shown a decrease in productivity from 1995 to 1996? _____ If so, which ones?

3. Calculate the change in productivity from 1995 to 1997 for each nation and record the amount in the table. Which nation has shown the greatest increase? _____ What was the amount of the increase?

4. Which nations have shown decreases from 1995 to 1997?

5. Norway's productivity increase between 1995 and 1997 was quite large; does that mean that it produced more than the other countries in that time?

6. The United States produced at a productivity index of 125.8 in 1997. What does this mean in terms of a comparison with 1990?

